Joseph N. Casas (SBN 225800)
Email: *joseph@casaslaw.com*
Tamara M. Leetham (SBN 234419)
Email: *tamara@casaslaw.com*
LAW OFFICES OF JOSEPH N. CASAS, P.C.
3033 Fifth Avenue, Suite 325
San Diego, CA 92103
Phone: (619) 692-3146
Facsimile: (619) 692-3196

Attorneys for Defendant
John Clement

UNTIED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. JOHN CLEMENT and EDGEFUND CAPITAL, LLC, Defendants.	Case No. 3:11-cv-01034-LAB-WVG **DEFENDANT JOHN CLEMENT'S ANSWER TO COMPLAINT** [JURY TRIAL DEMANDED] Judge: Hon. Larry Alan Burns Courtroom: 9

Defendant John Clement ("Clement" or "Defendant") answers plaintiff Securities and Exchange Commission's ("SEC" or "Plaintiff") Complaint for violations of federal securities as follows:

JURISDICTION AND VENUE

1. Clement admits the Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a), Sections 21 (d)(1), 21(d)(3)(A), 21(e) and 27(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78 (u)(d)(1), 78u(d)(3)(A), 78u(e) & 78aa(a), and Sections 209(d), 209(e)(1) and 214(a) of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-9(d), 80b-9(e)(1) & 80b-14(a). Except as expressly admitted, the remaining allegations in Paragraph 1 are denied.

2. Clement admits that pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C. § 78aa(a), and Section 214(a) of the Advisers Act, 15 U.S.C. § 80b-14(a), venue is proper in this district. Except as expressly admitted, the remaining allegations in Paragraph 2 are denied.

SUMMARY

3. Clement denies each and every allegation in Paragraph 3.

4. Clement denies each and every allegation in Paragraph 4.

THE DEFENDANTS

5. Clement denies each and every allegation in Paragraph 5.

6. Clement denies each and every allegation in Paragraph 6.

RELATED ENTITIES

7. Clement denies each and every allegation in Paragraph 7.

8. Clement denies each and every allegation in Paragraph 8.

9. Clement denies each and every allegation in Paragraph 9.

10. Clement denies each and every allegation in Paragraph 10.

11. Clement denies each and every allegation in Paragraph 11.

   a. Clement denies each and every allegation in Paragraph a.
   b. Clement denies each and every allegation in Paragraph b.
   c. Clement denies each and every allegation in Paragraph c.
   d. Clement denies each and every allegation in Paragraph d.
   e. Clement denies each and every allegation in Paragraph e.
   f. Clement denies each and every allegation in Paragraph f.
   g. Clement denies each and every allegation in Paragraph g.
   h. Clement denies each and every allegation in Paragraph h.
   i. Clement denies each and every allegation in Paragraph i.

12. Clement denies each and every allegation in Paragraph 12.

   a. Clement denies each and every allegation in Paragraph a.
   b. Clement denies each and every allegation in Paragraph b.

c. Clement denies each and every allegation in Paragraph c.

d. Clement denies each and every allegation in Paragraph d.

e. Clement denies each and every allegation in Paragraph e.

f. Clement denies each and every allegation in Paragraph f.

g. Clement denies each and every allegation in Paragraph g.

13. Clement denies each and every allegation in Paragraph 13.

14. Clement denies each and every allegation in Paragraph 14.

15. Clement denies each and every allegation in Paragraph 15.

16. Clement denies each and every allegation in Paragraph 16.

17. Clement denies each and every allegation in Paragraph 17.

18. Clement denies each and every allegation in Paragraph 18.

19. Clement denies each and every allegation in Paragraph 19.

20. Clement denies each and every allegation in Paragraph 20.

21. Clement denies each and every allegation in Paragraph 21.

22. Clement denies each and every allegation in Paragraph 22.

23. Clement denies each and every allegation in Paragraph 23.

FIRST CLAIM FOR RELIEF
FRAUD IN THE OFFER OR SALE OF SECURITIES
Violations of Section 17(a) of the Securities Act
(Against All Defendants)

24. Clement realleges and incorporates by reference the responses to Paragraphs 1 through 23 above.

25. Clement denies each and every allegation in Paragraph 25.

a. Clement denies each and every allegation in Paragraph a.

b. Clement denies each and every allegation in Paragraph b.

c. Clement denies each and every allegation in Paragraph c.

26. Clement denies each and every allegation in Paragraph 26.

///

///

SECOND CLAIM FOR RELIEF
FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
(Against All Defendants)

27. Clement realleges and incorporates by reference the responses to Paragraphs 1 through 26 above.

28. Clement denies each and every allegation in Paragraph 28.

a. Clement denies each and every allegation in Paragraph a.

b. Clement denies each and every allegation in Paragraph b.

c. Clement denies each and every allegation in Paragraph c.

29. Clement denies each and every allegation in Paragraph 29.

THIRD CLAIM FOR RELIEF
FRAUD WHILE ACTING AS AN INVESTMENT ADVISER
Violations of Section 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder
(Against All Defendants)

30. Clement realleges and incorporates by reference the responses to Paragraphs 1 through 29 above.

31. Clement denies each and every allegation in Paragraph 31.

a. Clement denies each and every allegation in Paragraph a.

b. Clement denies each and every allegation in Paragraph b.

c. Clement denies each and every allegation in Paragraph c.

1. Clement denies each and every allegation in Paragraph 1.

2. Clement denies each and every allegation in Paragraph 2.

32. Clement denies each and every allegation in Paragraph 32.

AFFIRMATIVE DEFENSES

Further answering, Clement hereby pleads the following affirmative defenses:

AFFIRMATIVE DEFENSE NUMBER ONE

(Statue of Limitations)

Plaintiff's claims and prayer for relief are barred, in whole or in part, by the applicable statues of limitation.

AFFIRMATIVE DEFENSE NUMBER TWO

(Laches)

Plaintiff's claims and prayer for relief are barred by the doctrine of laches.

AFFIRMATIVE DEFENSE NUMBER THREE

(Estoppel)

Plaintiff has engaged in conduct and activity such that Plaintiff's claims for damages or any other relief against Clement are barred by the doctrine of estoppels.

AFFIRMATIVE DEFENSE NUMBER FOUR

(Waiver)

Plaintiff has engaged in conduct and activities sufficient to constitute a waiver of any claim or cause of action Plaintiff may have against Clement.

AFFIRMATIVE DEFENSE NUMBER FIVE

(Preclusion)

Some or all of Plaintiff's claims are presently barred, or may be barred in the future, under claim and issue preclusion.

AFFIRMATIVE DEFENSE NUMBER SIX

(Failure to State a Claim)

Plaintiff's Complaint, and each and every cause of action contained therein, fails to state a claim upon which relief can be granted.

AFFIRMATIVE DEFENSE NUMBER SEVEN

(Affirmative Defense Unknown)

Discovery may reveal additional defenses that Clement is not aware of at this time. Clement therefore reserves the right to seek leave of court to amend his answer to assert additional affirmative defenses.

AFFIRMATIVE DEFENSE NUMBER EIGHT

(Unclean Hands)

Plaintiff's claims are barred by the doctrine of unclean hands.

///

AFFIRMATIVE DEFENSE NUMBER NINE

(Violation of Defendant's Constitutional Rights)

Plaintiff's claims fail because they are grounded on alleged actions that constitute the exercise by Clement of rights protected under the United States Constitution and the California Constitution.

PRAYER FOR RELIEF

WHEREFORE, Clement prays as follows:

a. That Plaintiff takes nothing by reason of its Complaint;

b. That the Complaint, and each and every purported claim for relief alleged therein, be dismissed with prejudice;

c. That Clement recover his costs of suit incurred herein, including reasonable attorneys' fees and;

d. For such other and further relief as the Court may deem just and proper.

DEMAND FOR JURY TRIAL

Clement hereby demands a trial by jury as provided by Rule 38(a).

Respectfully submitted,

LAW OFFICE OF JOSEPH N. CASAS, PC

Dated: June 6, 2011 By: *s/Joseph N. Casas*
Joseph N. Casas
Attorney for Defendant John Clement

CERTIFICATE OF SERVICE

I HEREBY CERTIFY and declare under penalty of perjury that I am over the age of 18 and am not a party to this action. My business address is 3033 Fifth Avenue, Suite 325, San Diego, California, 92103. A copy of the foregoing Defendant John Clement's Answer To Complaint in Case Number 11 CV 01034 LAB (WVG), was served on this date by electronically submitting a copy of the same on the District Court's website, CM/ECF system.

Dated: June 6, 2011

/s/ Joseph N. Casas
Joseph N. Casas